



## Idaho Public Utilities Commission

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*Case No. IPC-E-15-01*

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## PUC reduces length of some PURPA contracts to five years

**BOISE (February 5, 2015)** – The Idaho Public Utilities Commission today reduced from 20 years to five the length of federally mandated contracts Idaho Power signs with developers of intermittent, renewable energy projects.

The 5-year contract length will be in place until the commission concludes its consideration of an Idaho Power application to reduce contract lengths to two years and other related issues.

The federal Public Utility Regulatory Policies Act of 1978 (PURPA) requires regulated utilities to buy energy from qualifying renewable generation projects at rates established by state commissions. The rate to be paid Qualifying Facilities (QFs) is called an “avoided-cost rate,” because it is based on the cost the utility avoids by not having to generate the energy itself or buy it from another source. The commission must ensure the avoided-cost rate is reasonable for utility customers because the price utilities pay to qualifying small-power producers is included in customer rates. While PURPA says utilities must buy from QFs, the law leaves it up to states to determine avoided-cost and other contract terms and conditions.

In the last three months, the commission has approved PURPA contracts for 400 MW of solar energy. Idaho Power claims it has an additional 885 MW of PURPA solar capacity in the queue actively seeking energy-sale agreements with 2016 on-line dates. Idaho Power claims that continued creation of 20-year contracts places undue risk on customers at a time when the utility says it has sufficient resources to meet customer demand. The company claims acceptance of the contracts will inflate power supply costs and negatively impact the reliability of its energy delivery system.

During a meeting today, commissioners said the case should be processed quickly to give project developers certainty and ensure customers do not pay more for PURPA power than what they would for power generated by the utility or bought from other sources.

The commission recently concluded a major review of PURPA contract terms and conditions and updated how it calculates avoided-cost rates. Developers continue to request contracts with Idaho Power in significant enough numbers “that we remain concerned about the

company's ability to balance the substantial amount of must-take intermittent generation and still reliably serve customers," the commission said in a January 8 order approving six solar projects. "Unfortunately, PURPA does not address and FERC (Federal Energy Regulatory Commission) regulations do not adequately provide for consideration of whether the utility being forced to purchase QF power is actually in need of such energy," the commission said .

The commission will soon issue an order with a deadline for parties seeking to intervene for the purpose of presenting evidence, cross-examining witnesses or participating in settlement discussions. During today's meeting, the commission granted intervenor status to the Idaho Conservation League, Intermountain Energy Partners, JR Simplot Company and the Snake River Alliance.

Dates for future possible hearings and customer comment deadlines will also be announced later.

Copies of Idaho Power's application and supporting testimony are available on the commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-15-01.

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